REMARKS/ARGUMENTS

Claims 24-47 are pending in the application. In a Final Office Action dated December 28, 2005 the Examiner rejected claims 24-28, 30-32, 36-40 and 42-44 under 35 U.S.C. 103(a) as being unpatentable over Barber et al., U. S. Pat. No. 4,858,121 (hereinafter Barber) in view of Little et al., U.S. Pat. No. 5,359,509 (hereinafter Little). Claims 29, 33-35, 41 and 45-47 are rejected under 35 U.S.C. 103(a) as being unpatentable over Little in view of Barber as applied to claim 24 and further in view of Sackler et al (hereinafter Sackler, US Pat. No. 5,235,507).

While Applicant believe claims 24-47 are valid and allowable, in view of the recent holding in *IPXL Holdings, L.L.C. v. Amazon.com, Inc.*, Applicant cancels without prejudice claims 24-48 as a precaution to avoid any potential issue of indefiniteness being raised at a later time. Applicant reserves the right to represent claim 24-47 at a later time or in a later filed continuation or divisional application. Applicant has submitted new claim 48-86 and respectfully requests reconsideration.

The cancellation of claim 24-47 effectively renders moot Examiners previous rejections in the Office Action of December 28, 2005. In hopes of speeding the prosecution of the newly submitted claims, and obviate the possibility of a rejection of Applicant's newly submitted claims on similar grounds, Applicant respectfully submits that the Examiner has misconstrued the prior art in Barber and Little. As will be discussed below, Applicant respectfully submits that the combination of Little and Barber does not meet the standard for prima facie obviousness of the newly submitted claims because: (1) the references do not show each element and limitation recited in the claims; (2) the cited prior art does not motivate, teach, or suggest the combination of the references; and (3) the cited prior art does not suggest the desirability of making the combination. Applicant also respectfully submits that the Examiner has failed to show within

the prior art that there is a reasonable expectation of success of the proposed combined references of Little and Barber. Because the Examiner's prior rejections are rendered moot by cancellation of the previously pending claims and Applicant believes the arguments provided herein are sufficient to overcome the references relied upon previously by the Examiner, Applicant does not address the issue of reasonable expectation of success at this time. However, Applicant respectfully reserves the right to raise the issue of reasonable expectations of success in any future response should it be deemed necessary. Furthermore, because Applicant believes the independent claims presently amended to the application are allowable, Applicant reserves comment on the prior art of Sackler as relied upon in Examiner's prior rejection of previously pending dependent claims. Thus, it is respectfully submitted that the newly submitted claim 48-86 are in an admissible form and should be allowed to issue.

To that end claims 24-28, 30-32, 36-40 and 42-44 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Barber in view of Little. Claims 29, 33-35, 41 and 45-47 are rejected under 35 U.S.C. 103(a) as being unpatentable over Little in view of Barber as applied to claim 24 and further in view of Sackler.

To place application in allowable form, the Applicant respond to each ground for the prior rejection as follows:

I.   Failure to Show Prima Facie Obviousness:

To establish a *prima facie* case of obviousness, the Examiner must show that there is: (1) some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings; (2) there must be a reasonable expectation of success; and (3) the prior art

reference (or references when combined) must teach or suggest all the claim limitations. *See* MPEP § 2142. "The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure." MPEP § 2142 (citing *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991)) (emphasis added). When applying 35 U.S.C. 103, the Examiner must adhere to the following tenets of patent law:

> (A) [t]he claimed invention must be considered as a whole; (B) [t]he references must be considered as a whole and must suggest the desirability and thus the obviousness of making the combination; (C) [t]he references must be viewed without the benefit of impermissible hindsight vision afforded by the claimed invention; and (D) [r]easonable expectation of success is the standard with which obviousness is determined.

See MPEP § 2141 (citing *Hodosh v. Block Drug Co., Inc.*, 786 F.2d 1136, 1143 n.5, 229 USPQ 182, 187 n.5 (Fed. Cir. 1986)).

A.   Combined References Do Not Show Each and Every Element of the Claims

To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). "All words in a claim must be considered in judging the patentability of that claim against the prior art." *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970).

1.   Substantially or Near Real-Time Limitation Not Shown In Prior Art

With respect to Examiner's Response to Arguments, and the section labeled "Re Claim 24," Examiner admits that "Barber does not disclose an adjudication engine which processes said purchase transaction in substantially real-time so as to calculate a covered portion of said purchase that is to be paid by the third party. " *See* page 2 Examiner's response mailed 12/22/05. Examiner states that "Little discloses a health care payment and adjudication and review system that teaches an adjudication apparatus for health care payment." Yet, Little does not disclose, teach, or suggest "process[ing] said purchase transaction in substantially or near real-time so as to calculate a covered portion of said purchase that is to be paid by the third party." Examiner's statement that Little "expedite[s] the funds transfer process" does not appear in Little. In fact, viewed as a whole, Little merely espouses improved medical analysts efficiency through use of an expert system to manage documents in lieu of the prior art manual review process, not in substantially real-time processing of request for reimbursement to a point of service provider form a third party.

Applicant respectfully submits that the Examiner has misconstrued the Little reference. Examiner proffers two arguments as why Little discloses "substantially in real-time": 1)   Little reference provides for "electronic data through a network, which is notoriously well known in the art, is substantially in real-time"; 2) Motivation of adjudicating payment request "quickly and accurately," (citing Little Col. 3, lines 42-49), "in an effort to increase medical analyst productivity". The Examiner also rejected Applicant's argument that Little disclosure of storing payment request does not "automatically assume a time delay for later processing."

Applicant contends that the Examiner has incorrectly applied or misunderstood the Little disclosure relative to Applicant's invention. First, Little neither explicitly discloses, teaches, suggest, nor motivates a substantial or near real-time: (1) receipt of payment request; (2) adjudication of payment request; (3) payment by a third party to the service provider through debiting a payment system access card, (4) providing or receiving either an adjudicated transaction or adjudicated settlement transaction; nor (5) debiting a payment system access card for a covered portion to be paid by a third party.

Second, Little discloses an expert system for batch processing previously received/pending payment requests. Although Little discloses potentially receiving payment request over a network, Little also discloses, teaches and suggest **without preference** receiving payment request in **magnetic tape** and **paper form.** Submission of payment request stored on magnetic tap and paper are inconsistent and incompatible with real-time processing; but they are consistent with a batch processing system. It is respectfully submitted that Examiner's surmise that payment request through a network necessitate a conclusion that the payment request is processed in substantially or near real-time is not supported by Little. Submitting payment request via paper and tape submission actually teaches away from the *desire* for a substantially or near real-time system or least evidences ambivalence regarding providing in substantially real-time reimbursement to the service provider by the third party benefit provider. Batch processing of payment request is consistent with the desire of the third party for financial gain to be obtained by retaining monies as long as possible: the result is a "float" of monies owed but not distributed, which earn additional investment income for the third party.

Illustratively, Little teaches an "expert system" for displaying information related to payment request that are "stored" and

> collecting all the payment requests that have the same review
> codes and are currently awaiting review. The resulting payment
> list 264 is then ***reexamined*** to insure all the payment request have
> been located (step 266). The user determines which situation
> require reexamination.

See Little, Col. 9, ll.56-60. Moreover, Little neither teaches nor suggests that the network

transmission of a payment request is completed in real-time to permit substantially or near real-

time adjudication of the payment request or "provide a substantially real-time payment to said

point of service provider of said covered portion." Similar to the submission of payment request

by magnetic tape or through mail, the batch process system described in Little supports an

interpretation that that payment claims sent through a network connection are also submitted in

batch form. In fact, because Little teaches that a number of received payment requests are

"stored" and/or "collected" prior to being reviewed as well as providing submission on paper or

magnetic tape, Little is actually teaching always from the desirability of a substantially or near

real-time adjudication of payment request or debiting of a payment access card for

reimbursement to a service provider from a third party.

Third, Examiner surmises that Little discloses "quickly and accurately" adjudicating a

payment request. Yet, Little does not teach quickly in the context of a third party paying a

service provider for services rendered to a beneficiary. Instead, Little merely teaches that

"conventional programming methods ***do not allow*** for such complex, integrated information to

be changed frequently, updated quickly and melded easily with historic payment request in order

to review and adjudicate payment request quickly and accurately without extensive human

intervention." *See* Little, Col. 3, ll.42-49. Taken in context with the whole specification, Little

is discussing the ability of a "medical analyst" to review information collected in medical

insurance files necessary to determine if a payment request is a covered charge. *See generally,*

Little. Little discloses an expert system to increase efficiency and accuracy of the medical analysts, which reduces the cost of providing benefits because less personnel are required to review the received payment request. Little discloses an expert system to provide electronic document review, which improves fraud detection by the medical analysts. Little also teaches, suggests and discloses storing of payment request in a manner that is consistent with batch processing by the medical analysts. Moreover, Applicant respectfully submits that Examiner's explanation of storing payment request for later review is neither consistent with the Little as a whole nor the well known practice used by insurance companies of "floating" monies as long as possible to gain additional investment income.

a.   Little does not explicitly disclose, suggest, teach or motivate near or substantially real-time.

In fact, contrary to the Examiner's assertion, the term "quickly" only occurs in the negative connotation cited above and not throughout Little. Among other things, Little does not explicitly disclose (1) submitting a payment claim in substantially or near real-time to produce a payment request; (2) adjudicating the payment request in substantially or near real-time; or (3) debiting of the payment system access card for the submitted payment request substantially or near real-time. Instead, Little only discloses, teaches, and suggests a non-real-time "expert system" used by a "medical analyst" to store, organize, and evaluate a payment request in a periodic fashion consistent with batch processing as an improvement over the prior art manual process.

b.   Little does disclose, suggest, teach or motivate non-real-time processing of payment request.

Applicant respectfully submits that, because the system disclosed in Little discloses, teaches, and suggests *batch processing* of payment request, Little does not implicitly disclose, teach, suggest or motivate substantially or near real-time processing. For example, Little specially states **"[o]nce called**, the expert system 32 creates an appropriate payment request list (step 260) **by collecting all the payment requests that have the same review codes and are currently awaiting review."** *See* Little, Col. 9, ll. 53-56. The phase "once called" indicates delay occurs between the receipt or submission of a payment request and action by an adjudication engine used by medical analysts. Likewise, in Little the phase "currently awaiting review" indicates multiple payment request are collected prior to the medical analyst using the expert system to adjudicate the stored payment request. Moreover, the phase "collecting all the payment request" indicates that a number of payment request are stored for processing at a later time. Thus, Little teaches and suggests that the received payment are "stored" for <u>later review</u> as part of a batch process system used by a medical analysts.

Moreover, Little specifically discloses a system for batch processing payment request, stating "[t]he historical payment request database 27 broadly includes storage for payment request information that has already been received... the payment request database 25 and historic request database 27 are functionally the same database <u>storing all payment request information currently received</u> or <u>received earlier</u>." *See* Little, Col. 5, ll. 55-62. Taken as a whole and in context with the further teaching that "the expert system 32 creates an appropriate payment request list (step 260) <u>by collecting all the payment requests that have the same review codes and are currently awaiting review</u>," *See* Little, Col. 9, ll. 54-56, Little unambiguously

suggests and teaches a non real-time batch process. To form a collection of "currently received" payment request, there must be previously stored payment request awaiting adjudication. It is respectfully submitted that the phases "all payment request currently received" and "currently awaiting review" inherently requires there be more than one pending received payment request. Unquestionably, stored payment requests directly indicate delay between the submission of the payment request and review of the payment request. As a result, Little suggests, describes, and motivates batch processing of payment requests, which is inconsistent with substantially or near real time adjudication or payment of a payment request.

Applicant respectfully submits that storing should be viewed in the context of the insurance industry's practice of maintaining a "float" of funds to gain additional investment income. As a result, Applicant respectfully submits that Little cannot be fairly construed as teaching, suggesting or motivating substantially or near real-time actions of sending a payment request, performing an adjudication process or providing payment to a medical provider or, debiting a payment system access card.

c. Near or substantially real-time is not implicit in Little system.

Applicant respectfully submits that an expert system to improve upon manual review of submitted payment request does not inherently require or imply substantially or near real-time function. A proper understanding of Little is obtained by viewing the disclosure as a whole and in context with industry practice and use. To facilitate a review of the payment request, Little teaches and suggests that the expert system stores a received payment request for later batch processing of similar claims. A system facilitating improved review / efficiency does not imply substantially or near real-time proximate to the purchase. Instead, when taken into context as a

whole, Little merely relates to the time saved by manual review of payment requests by "medical analysts." The time saved results in increased administrative efficiencies, but does not imply that the review be done in real-time relative to receipt for the payment request.

Taken in context as a whole, the use of an expert system to improve upon manual review does not teach, suggest, imply nor inherently include debiting of a payment system access card to provide substantially or near real time reimbursement by a third party to a service provider. As a result, Applicant respectfully submit that Examiner has failed to show the limitation of "substantially" or "near" real-time as used in Applicant's claims.

2. Payment System Access Card Not Shown In Prior Art

The Examiner states that "Barber discloses a medical payment system comprising a point of service terminal (Col 1, ll. 63-65) which accepts **a payment system access card for payment for a purchase** of at least one service and product by a customer at a point of service provider, at least part of said purchase being reimbursable by a third party, and which creates a purchase transaction (Col 2, ll 10-20)." It is respectfully submitted that Examiner has misinterpretated Barber. Instead, Barber discloses "a plurality of physician terminals, which are located in physicians' offices, are interconnected with a central processing system." *See* Barber, Col. 1, ll. 63-65. Futhermore, the "terminal includes the means for entering at least a patient identification" wherein the patent identification card may include the "patient identification and the insurance company identification " *See* Barber, Col. 1, l. 65 – col. 2, l. 1. While the card disclosed in Barber can provide patient identification, Barber does not disclose "a payment system access card" that can be debited for a covered portion that is to be paid by the third party to the service provider. Instead, Barber discloses that **"when funds are received from the**

insurance company, whether by check or electronic funds transfer, the central processing system B communicates directly or by printed authorization with the computers of banks and other financial institutions to transfer the appropriate funds to the account of each physician." *See* Barber, Col. 3, ll. 62-67 (emphasis added). Hence, Barber teaches a "patient identification card" that is separate from a "credit card." Barber neither teaches, suggests nor motivates a payment access card that may be debited.

As a result, Applicant respectfully submits that Examiner has failed to show each element recited in the claim.

B.   Prior Art Does Not Motivate or Suggest Combination of the References

To establish a *prima facie* case of obviousness the Examiner must show that there is: "some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings." *See In re Keller*, 642 F.2d 413, 425, 208 USPQ 871, 881(CCPA 1981); *see also* MPEP §2143. "The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in applicant's disclosure." *See* MPEP §2142 (citing *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

A finding of obviousness may only take into account knowledge that "was within the level of ordinary skill in the art at the time the claimed invention was made and does not include knowledge gleaned only from applicant's disclosure." *See In re McLaughlin*, 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971); *see also* MPEP § 2145. This requires that the cited prior art contain "some suggestion or motivation, either in the references themselves or in the

knowledge generally available to one of ordinary skill in the art, to modify or combine reference teachings." *See* MPEP § 2145. The <u>requisite motivation must be provided by some teaching, suggestion or inference in the prior art</u> as a whole or from the knowledge generally available to one of ordinary skill in the art. *See* Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 1052, 5 USPQ2d 1434, 1439 (Fed. Cir.), cert. denied, 488 U.S. 825 (1988) (emphasis added). However, the Examiner **may not rely upon the level of skill in the art to provide the suggestion** to the cited combined references. *See* MPEP § 2143.01 (citing *Al-Site Corp. v. VSI Int'l Inc.*, 174 F.3d 1308, 50 USPQ2d 1161 (Fed. Cir. 1999)) (emphasis added); s*ee also* MPEP § 2143.01.

In addition, "[t]he mere fact that references <u>can</u> be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination." MPEP § 2143.01 (emphasis in original) (citing *In re Mills*, 916 F.2d 680, 16 USPQ2d 1430 (Fed. Cir. 1990)). Instead, the proper inquiry is "'whether there is **something in the prior art as a whole to suggest the desirability**, and thus the obviousness, of making the combination,' not whether there is something in the prior art as a whole to suggest that the combination is the most desirable combination available." *See In re Fulton*, 391 F.3d 1195, 73 USPQ2d 1141, 1200-01 (Fed. Cir. 2004) (emphasis added); *see also* MPEP § 2143.01.

1. <u>Examiner Improperly Uses Hindsight Because References Neither Teach, Suggest, Nor Motivate Combination</u>

Applicant respectively submits that relied the upon references neither teach, suggest, nor motivate substantial or near real-time: (1) receipt of payment request; (2) adjudication of payment request; (3) payment by a third party to the service provider through debiting a payment

system access card, (4) providing or receiving either an adjudicated transaction or adjudicated

settlement transaction; or (5) debiting a payment system access card for a covered portion to be

paid by a third party. *See supra* Parts I.A.1.

The Examiner admits Barber does not teach or suggest the desirability of combining the

references. Applicant respectfully submits that the Examiner's cited motivation merely relates to

increased efficiency over the prior art manual review of payment request and, taken in context of

Little as a whole and industry practice, does not support combining Little with Barber. *See supra*

Parts I.A.1.

The Little reference does not teach the desirability of a real-time system. *See* Supra

discussion of "float." Although Little discloses using a network to receive payment request,

Little also teaches receiving a payment request on magnetic tape and by paper submission, which

are not consistent with a desire for substantially or near real-time adjudication. Little does not

state a "preference" between the methods of submission that would indicate the desirability of a

real-time or near real time submission of a payment request. Instead, Little teaches a batch

processing system used by medical analyst to process collected payment request. *See supra*

Parts I.A.1.

2. References Do Not Show Desirability Of The Combination

The Examiner has failed to point to any reference in the prior art that establishes the

desirability of combining the reference so as to provide motivation to one skilled in the art. The

prior art references relied upon do not provide any explicit or objective evidence to support

making a specific factual finding with respect to the motivation or desirability to combine the

references. *See Infra generally* discussion of Little reference in Part I. As a result, it is

respectfully submitted that the Examiner's statement that it would be obvious to one skilled in the art "to include the adjudication apparatus of Little to the payment system of Barber so as to expedite the funds transfer process and insure accuracy" is merely impermissible hindsight because the Examiner does not show any reference in the prior art showing the desirability of real-time or near real-time submission of payment request, adjudication of payment request, or debiting a payment system access card. Likewise, it is respectfully submitted that Examiner's reasoning is inconsistent with the insurance industry practice. *See infra* discussion of "float" in Part I.

The Examiner's statement that "[t]he verification of coverage for a patient by an insurance company can be done faster which would help to avoid fraud, and the payment can be made to the service provider almost instantaneously, instead of after a few weeks" also relies upon hindsight because there is nothing in the references suggesting the desirability of substantially or near real-time adjudication or "near instantaneous[]" payment by a third party to a service provider. First, reduced fraud is not due to the speed of review, but the presentation of information electronically through the use of an expert system. Second, neither reference discloses, teaches or suggests "almost instantaneous" transfers. Instead, as discussed above in detail, both the Barber and Little references teach or disclose a batch processing system for processing payment request. Neither Barber nor Little teach, suggest or motivate "payment to said point of service provider of said covered portion in substantially real-time." Following submission of the payment request, Barber teaches payment to the point of service provider up to 14 days <u>after</u> receiving a payment request. Similarly, Little teaches paying the point of service provider after receiving a payment from the Insurance Company. *See supra* Parts I.A.2.

Taken as a whole or individually, Little and Barber disclose, teach, and suggest the desirability of delaying payment to a service provider in order to "float" money. Little merely discloses an expert system for batch processing of claims. As discussed extensively above, Little does not show the desirability of real time or near real-time submission, adjudication, or debiting. Little's teaching merely reflects increased efficiencies gained by moving from manual to computerized batch processing of medical claims. Yet, increased efficiency does not imply increase responsiveness, merely increased capacity per medical analysts. Illustratively, Barber teaches "floating" money for up to 14 days after receiving a payment request and Little teaches "floating" money until the insurance company pays the claims processing operator. Hence, neither reference supports real time or near real-time processing of payment request.
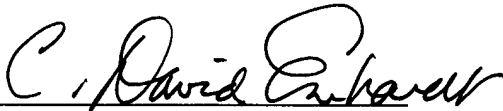
II. **Conclusions**

As a result, because the Examiner's prior conclusion is not based upon any substantive evidence in the prior art of a motivation to combine the references, Applicant respectfully submits that Examiner failed to make out a prima facie case of obviousness.

It should be understood that the above remarks are not intended to recite an exhaustive basis for patentability or concede the basis for the rejections in the Office Action, but are simply provided to overcome the rejections made in the Office Action in the most expedient fashion.

In view of the above amendments and remarks, it is respectfully submitted that the present application is in condition for allowance and an early Notice of Allowance is earnestly solicited. If after reviewing this amendment the Examiner feels that any issues remain which must be resolved before the application can be passed to issue, the Examiner is invited to contact the Applicant's undersigned representative by telephone to resolve such issues.

Respectfully submitted,

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